

January 28, 2021

### **BPI reports FY2020 net income of P21.4 billion amidst economic slowdown**

MAKATI CITY, Philippines --- Bank of the Philippine Islands posted Net Income of P21.4 billion in 2020, a 25.7% decline from the P28.8 billion earned in 2019. Fourth quarter Net Income was P4.2 billion, a 37.4% decrease from last year's P6.8 billion.

The decline in earnings was a result of the Bank booking P28.0 billion in provisions for loan losses for the full year 2020, as the economic slowdown leads to an increase in non-performing loans. This provision is 5.0x more than the P5.6 billion set aside in 2019.

The Bank's year-end 2020 NPL ratio was 2.68%, with NPL Coverage ratio at 115.2%.

Total Revenues for the year increased by 10.5% to P101.9 billion. Net Interest Income grew by 10.2% to P72.3 billion, a result of a 5.8% expansion in average asset base supported by a 14-basis point expansion in Net Interest Margin to 3.49%. Non-Interest Income climbed to P29.7 billion, up by 11.1% versus 2019 levels, on higher securities trading gains. Fee Income fell by 5.0% to P19.5 billion. Total Operating Expenses in 2020 amounted to P48.1 billion, almost flat compared to the previous year. Cost-to-Income Ratio stood at 47.2%, an improvement from the 52.4% recorded in the prior year.

Total Loans as of December 31, 2020 was P1.4 trillion, a 4.6% decline year-on-year, primarily as a result of a slowdown in corporate lending. Notably, the mortgage and microfinance loan segments ended the year with moderate growth rates of 6.6% and 5.7%, respectively. Total Deposits increased to P1.7 trillion, up 1.2% year-on-year, as CASA growth of 16.6% offset a 33.2% reduction in time deposits. The Bank's CASA Ratio was 79.6%, while the Loan-to-Deposit Ratio was 82.0%.

Total Assets stood at P2.2 trillion as of December 31, 2020, 1.3% higher year-on-year. Total Equity increased to P279.8 billion, translating into a Common Equity Tier 1 Ratio of 16.2% and a Capital Adequacy Ratio of 17.1%, both well above regulatory requirements. Return on Equity was 7.7%, while Return on Assets was 0.98%.

The Bank ended the year with all three major international Credit Rating Agencies reaffirming its Credit Ratings: S&P at BBB+ which is two notches above investment grade (same as the Philippine Sovereign), Moody's at Baa2 which is one notch above investment grade, and Fitch at BBB- which is investment grade.

BPI garnered several awards in the fourth quarter. The Bank's P21.5 billion CARE bond offering was awarded Best Social Bond by The Asset Triple A Country Awards 2020 for being the Philippines' first peso-denominated bonds issued as a direct response to the COVID-19 pandemic.

FinanceAsia recognized BPI as the Best Sustainable Bank in the Philippines in its 2020 Asia's Best Companies survey.

In the 2020 Asia Risk Awards, BPI was named "House of the Year – Philippines" and its Chief Risk Officer, Marita Socorro Gayares, the region's "Bank Risk Manager of the Year". BPI was cited for its ability to grow the business

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#### ABOUT BPI

The 169-year-old Bank of the Philippine Islands is the first bank in the Philippines and Southeast Asia. We are licensed as a universal bank by the Bangko Sentral ng Pilipinas to provide a diverse range of financial services: deposit taking and cash management, payments, lending and leasing, asset management, bancassurance, investment banking, securities brokerage, foreign exchange and treasury. BPI has investment-grade ratings of BBB+ (S&P), Baa2 (Moody's), BBB (Capital Intelligence), and BBB- (Fitch).

Contact Us: Media: [corporateaffairs@bpi.com.ph](mailto:corporateaffairs@bpi.com.ph) | Investor Relations: [investorrelations@bpi.com.ph](mailto:investorrelations@bpi.com.ph) Bank of the Philippine Islands | Ayala North Exchange Tower 1, Ayala Avenue corner Salcedo St., Legaspi Village, Makati City 1229 PH | +632 8246 6364

## Press Release



while maintaining a sound grasp of risk management, along with its effective use of technology, which has been especially important in the COVID-19 pandemic, and its commitment to sustainable finance.

Euromoney named BPI as the “Best Bank in the Philippines”, citing the Bank’s multi-year digital transformation journey and the success of the investment banking unit. Euromoney carried the quote “BPI is a port in a storm – and right now, we are in a storm”.

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Contact Us: Media: [corporateaffairs@bpi.com.ph](mailto:corporateaffairs@bpi.com.ph) | Investor Relations: [investorrelations@bpi.com.ph](mailto:investorrelations@bpi.com.ph) Bank of the Philippine Islands | Ayala North Exchange Tower 1, Ayala Avenue corner Salcedo St., Legaspi Village, Makati City 1229 PH | +632 8246 6364